

## Fair Political Practices Commission

### Memorandum

**To:** Chairman Randolph, Commissioners Blair, Downey, Huguenin, and Remy

**From:** Joan Giannetta, Regulations Coordinator  
John W. Wallace, Assistant General Counsel  
Luisa Menchaca, General Counsel

**Subject:** Cost of Living Adjustment for Campaign Contribution Limits and Voluntary Expenditure Ceilings: Adoption of Amendments to Regulation 18545

**Date:** October 26, 2006

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#### Background:

Proposition 34 created contribution limits and voluntary expenditure ceilings for state candidates (Government Code sections 85301, 85302, 85303, and 85400).<sup>1</sup> Section 83124, added by Proposition 34, requires the Fair Political Practices Commission (“Commission”) to adjust the contribution limits and voluntary expenditure ceilings biennially to reflect changes in the Consumer Price Index (“CPI”).

#### Contribution Limit and Voluntary Expenditure Ceiling Calculation (Regulation 18544)<sup>2</sup>

In August 2002, the Commission adopted regulation 18544, which created the formula for the cost of living adjustment of the contribution limits and voluntary expenditure ceilings. The formula is the base dollar amount in effect in 2001 multiplied by the most current CPI (211.0), divided by 174.8 (the base CPI from 2000), rounded to the nearest one hundred dollars (\$100) or one thousand dollars (\$1,000).

$$\frac{X \times Y}{174.8} = Z \text{ (rounded to nearest \$100 for contributions limits; rounded to nearest \$1,000 for expenditure ceilings)}$$

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<sup>1</sup> All references are to the Government Code unless otherwise indicated.

<sup>2</sup> The California Department of Finance (“DOF”) provides the CPI calendar year average for California urban consumers. The DOF Planning Estimate Forecast through September 2006 indicates the California CPI for All Urban Consumers is 211.0.

The adjusted contribution limits and expenditure ceilings were calculated by using the formula adopted in regulation 18544 and inserted into regulation 18545 as proposed amendments (Exhibit A). The adjusted figures are as follows:

<b>Contribution Limits</b>	<b>Existing Amount</b>	<b>Adjusted Amount</b>
Assembly, Senate, CalPERS	\$3,300	\$3,600
Statewide, other than Governor	\$5,600	\$6,000
Governor	\$22,300	\$24,100

<b>Small Contributor Limits</b>	<b>Existing Amount</b>	<b>Adjusted Amount</b>
Assembly, Senate, CalPERS	\$6,700	\$7,200
Statewide, other than Governor	\$11,100	\$12,100
Governor	\$22,300	\$24,100
Section 85303(a)	\$5,600	\$6,000
Section 85303(b)	\$27,900	\$30,200

<b>Volunteer Expenditure Ceilings</b>	<b>Existing Amount</b>	<b>Adjusted Amount</b>
Assembly, Primary	\$446,000	\$483,000
Assembly, General	\$780,000	\$845,000
Senate, Primary	\$669,000	\$724,000
Senate, Primary or Special	\$1,003,000	\$1,086,000
Board of Equalization, Primary	\$1,115,000	\$1,207,000
Board of Equalization, General	\$1,672,000	\$1,811,000
Other Statewide, Primary	\$4,460,000	\$4,828,000
Other Statewide, General	\$6,690,000	\$7,243,000
Governor, Primary	\$6,690,000	\$7,243,000
Governor, General	\$11,150,000	\$12,071,000

### **Effective Dates of Adjusted Contribution Limits and Voluntary Expenditure Ceilings.**

Pursuant to language in subdivisions (a)(1) and (a)(2) of regulation 18545, the adjusted contribution limit amounts and adjusted voluntary expenditure ceilings will apply to all state elections taking place during the two-year period

from January 1, 2007, to December 31, 2008. For example, the newly adjusted contribution limit of \$3,600 would apply to a special Assembly election occurring in February of 2007, even if the fundraising started during the last months of 2006. Similarly, the current \$3,300 limit will apply for Assembly candidates who raise funds after January 1, 2007, to pay down debts from the 2006 election. This method of calculation was approved by the Commission at the August 9, 2002, Commission meeting and as discussed in the memorandum, *Proposition 34 Regulations: Adoption of Proposed Regulation 18544, Formula for Campaign Contributions and Voluntary Expenditure Limits COLA* (July 29, 2002).

Subdivision (d) of regulation 18545 requires that the adjusted contribution limit amounts and the adjusted voluntary expenditure ceilings continue to be applied to all state elections held after December 31, 2008, until those limits are adjusted by the Commission to reflect changes in the Consumer Price Index. For elections held after December 31, 2008, if the campaign/expenditure amounts are adjusted upward, then the state candidate would be permitted to raise additional funds in the amount of the difference between the lower initial amount allowed and the new higher amount allowed. If the amounts are adjusted downward, then the state candidate would not be in violation of the new lower limits or need to return excess contributions received prior to the effective date of the newly adjusted lower limits and ceilings.

**Staff Recommendation:**

Staff recommends adoption of the proposed amendments to regulation 18545.

Attachments: Exhibit A (Regulation 18545)